



# Deduction for Model Homes

Department of Local Government Finance

Barry Wood

Assessment Division Director

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# Deduction for Model Homes

## ■ Background:

- HEA 1164 (P.L. 70-2008) – Indiana Code 6-1.1-12.6
- Generally, qualified owner of a model residence is entitled to a fifty percent (50%) deduction of the assessed value of a model residence.
- Effective for March 1, 2009 assessment date or a later year.



# Deduction for Model Homes

## ■ Qualification as a Model Residence:

- Real property that consists of a single family residence, single family townhouse, or single family condominium unit that has never been occupied as a principal residence, and is used for display or demonstration to prospective buyers.
- Does not include the land on which it is located.
- Owner's regular office space is not considered a model residence (sales office is considered part of the model residence).



# Deduction for Model Homes

## ■ Number of Deductions:

- Available for no more than four (4) assessment dates:
  - One assessment as a partially completed structure.
  - One assessment as the initial fully completed structure.
  - Two assessment dates immediately succeeding the initial fully completed structure.



# Deduction for Model Homes

## ■ Change of Ownership:

- If ownership changes, and use continues as a model residence, the new owner may claim the deduction. However, the assessment date limitations remain.
- A person who claims the deduction must notify the County Auditor of the transfer of ownership, and whether the new owner is eligible for the deduction.



# Deduction for Model Homes

## ■ Change of Ownership:

- If the model residence is sold after the assessment date of that year, but before January 1 of the following year, to a person who does not continue to use the real property as a model residence, the deduction is terminated for that assessment date.
- The County Auditor must immediately notify the former owner, the property owner, and the assessing official of the termination, and remove the deduction.



# Deduction for Model Homes

## ■ Number of Deductions for an Assessment Date:

- With the exception of members of an affiliated group, a property owner is entitled to no more than three (3) model residence deductions in Indiana for an assessment date.
- The aggregate number of deductions claimed by an affiliated group may not exceed three deductions.



# Deduction for Model Homes

- **Number of Deductions for an Assessment Date:**
  - Affiliated group means any combination of:
    - An affiliated group as provided in Section 1504 of the Internal Revenue Code (except the ownership percentage is fifty percent (50%) instead of eighty percent (80%)).
    - Two (2) or more partnerships as defined in IC 6-3-1-19, including limited liability companies and partnerships, that have the same degree of mutual ownership as an affiliated group described above.





# Deduction for Model Homes

- **Application for Deduction and County Official Duties:**
  - A property owner must file an Application for Model Residence Deduction (State Form 53812 - available at <http://www.in.gov/dlgf>) with the County Auditor for each assessment date desired.
  - The assessing official must verify the application.
  - The County Auditor must make the deductions and notify the county Property Tax Assessment Board of Appeals (PTABOA) of all approved deductions.



# Deduction for Model Homes

## ■ Limitations:

- Not allowed in an Allocation Area as defined in IC 6-1.1-21.2-3.
- Limited to one deduction per model home per year (i.e. a property owner may not receive the model home deduction in conjunction with another deduction).



# Deduction for Model Homes

## ■ Limitations:

- Not allowed in an Allocation Area as defined in IC 6-1.1-21.2-3.
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# Deduction for Model Homes

## ■ Retroactive 2008 pay 2009:

- Per HEA 1071-2009 (IC 6-1.1-12.6-2.1)
- Applies only to a model residence first assessed on March 1, 2008, and which was still a model residence on January 1, 2009.
- A property owner must file an Application for Model Residence Deduction (State Form 53947 - available at <http://www.in.gov/dlgf>) with the County Auditor.
- Counts towards the limit of four assessment dates.



# Deduction for Model Homes

## ■ Retroactive 2008 pay 2009 Refund:

- If 2008 pay 2009 property taxes have been paid, the person is entitled to a refund in the amount overpaid.
- Not required to apply for the refund.
- County Auditor shall issue refund from county general fund.



# Contact The Department

- **Barry Wood**
  - Telephone: 317.232.3762
  - Fax: 317.232.8779
  - E-mail: [Bwood@dlgf.in.gov](mailto:Bwood@dlgf.in.gov)
- Web site: [www.in.gov/dlgf](http://www.in.gov/dlgf)
  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)